



NEMEX

RESOURCES LIMITED

ACN 146 243 843



10 June 2015

Fast Facts

Capital Structure

| | |
|-----------------|--------|
| Shares on issue | 234.2M |
| Options | 31.5M |
| ASX Code | NXR |

Directors & Senior Management

Patrick Flint

Chairman

Paul Jurman

Non-Exec Director &

Company Secretary

Peter Turner

Non-Exec Director

Project Highlights

WBT Investment

- Biometric technology
- *Potential global market*
- *Strong management*

Guinea (Iron)

- *High-grade iron discovery*
- *Large resource potential*
- *Targeting DSO production*

W Australia (Iron)

- *Woodley DSO Project*

Contacts

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NEMEX TO ACQUIRE 100% OF WAVEFRONT BIOMETRIC TECHNOLOGIES PTY LTD

Nemex Resources Limited (ASX: NXR) (Nemex or Company) is pleased to announce that it has signed a binding heads of agreement (HOA) under which it has a conditional right to acquire 100% of the issued capital in Wavefront Biometric Technologies Pty Ltd (Wavefront) that it does not already own (Acquisition). Nemex currently holds a 40% interest in Wavefront.

The key terms of the HOA are:

- Nemex to increase interest in Wavefront from 40% to 100% by acquiring all Wavefront shares not currently held by Nemex.
- Purchase consideration to be such number of Nemex shares that result in the vendors holding 49% of the issued capital of Nemex immediately following settlement.

As part of the Acquisition, Wavefront's Chair Dr Shanny Dyer is to be appointed Managing Director of the Company.

Wentworth Group Capital Partners and Intrasia Capital advised Wavefront on the HOA and have been mandated to manage a capital raising of a minimum of \$5 million in order to fund the planned increased commercialisation activities.

Wavefront's executive management recently completed a successful roadshow to North America, with strong interest generated in the technology across multiple sectors. Discussions with various parties are continuing and a follow up visit is planned for July 2015.

Non-Executive Chairman of Nemex, Patrick Flint, commented:

"The acquisition will consolidate the ownership of Wavefront's unique biometric technology and ensure the Company is fully focussed on the successful commercialisation of the technology. "

Dr Shanny Dyer, Chair and Managing Director of Wavefront commented;

"As personal data and identity continue to be hacked and stolen, Wavefront has a unique opportunity to become a solution able to be deployed across multiple platforms to enhance current biometric security systems and build robust environments far more secure than has until now, been achievable."



We refer to **Appendix A** which provides an overview of Wavefront's technology and business, and **Appendix B** which outlines in detail the terms of the Acquisition. Further details will be provided to shareholders of Nemex in a Notice of an Extraordinary General Meeting to be issued in July 2015.

For further information about Nemex and Wavefront contact:

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Chairman

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Dr Shanny Dyer

Chair and Managing Director

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APPENDIX A - TRANSACTION BACKGROUND AND WAVEFRONT OVERVIEW

In April 2014, the Company entered into a conditional agreement to earn up to a 51% interest in Wavefront. Wavefront has developed and patented a biometric technology for reliable and secure authentication of a person's identity, based on capturing data associated with the eye.

With the Company's funding, Wavefront commenced a three phase development program with the objective of adapting its technology to a mobile platform and commercialising the product. The first phase of the program was completed in August 2014. This "proof of concept" phase involved Wavefront successfully miniaturising and adapting its technology to a mobile platform (Wavefront's prototype unit).

The second phase of the development program, which was completed in March 2015, focussed on improving the design and performance of the prototype unit and included completing a series of performance tests of the prototype unit. These performance tests were conducted by Wavefront and its consultants under laboratory conditions and included completing a series of performance tests of the prototype unit.

The results of the performance tests completed during Phase 2 demonstrated the technology delivers performance, via a mobile platform, comparable to the current industry leading biometric modality (the iris modality). In addition to its high fidelity (reliability and accuracy), the technology also has a number of competitive advantages including the use of the visible light spectrum (as opposed to near infra-red as used by most iris systems), universal application, fraud resistance and proof of liveness.

Wavefront also developed a multi-biometric system built around its unique, patented cornea-based technology and incorporating other eye-based biometric modalities. The different biometric modalities combine as a single sensor, multi-modal and multi-algorithmic biometric, generating further advantages to the competitiveness of the technology in the market. This new multi-biometric system was successfully incorporated into the prototype unit utilised for the performance testing.

The current phase of the program is focussed on:

- further improvement of the performance of the multi-biometric system.;
- completion of independent testing and assessment of technology performance;
- submission of patent applications in respect of the new intellectual property developed; and
- ongoing commercialisation activities, including presentation of the technology to leading mobile device manufacturers, technology companies and defence industry groups in North America and Asia.




APPENDIX B – KEY TRANSACTION TERMS

1. Terms of Agreement

Nemex has entered into a binding heads of agreement (**Agreement**) with Wavefront and the majority of the holders of the fully paid ordinary shares in the capital of Wavefront (**Wavefront Shares**) (**Vendors**) which are not currently held by the Company, under which Nemex has agreed to acquire 100% of the issued capital in Wavefront that it does not already own (**Acquisition**). The key terms of the transaction are as follows:

- a) **Consideration:** In consideration for the Vendors transferring their Wavefront Shares to the Company, the Company has agreed to issue to the Vendors (on a pro rata basis) such number of fully paid ordinary shares in the capital of the Company (**Shares**) as would result in the Vendors holding 49% of the Company's issued Share capital following settlement of the Acquisition (excluding any Shares issued as part of the Company's fundraising in connection with the Acquisition) (**Consideration Shares**).
- b) **Proportionate Consideration:** In the event that not all Vendors agree to sell their Wavefront Shares to Nemex, the total number of Consideration Shares to be issued shall reduce in proportion to the number of Wavefront Shares acquired by Nemex. Nemex will seek to bind the remaining holders of Wavefront Shares that have not entered into the Agreement over the next 28 days. In the event that these remaining holders do not enter into the Agreement, Nemex will hold 87.35% of Wavefront at completion.
- c) **Conditions Precedent:** Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following material conditions precedent by no later than 31 October 2015 (unless indicated otherwise):
 - i. completion of due diligence by the parties by 7 July 2015;
 - ii. Nemex receiving shareholder approval in respect of all resolutions required in order to complete the Acquisition;
 - iii. approval of the ASX to admission of Nemex to the official list following completion of the Acquisition and re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
 - iv. In addition to complying with any applicable escrow restrictions in accordance with the ASX Listing Rules, the Vendors delivering executed voluntary escrow agreements pursuant to which:
 - A. 25% of their total Consideration Shares will be escrowed for 3 months from completion of the Acquisition; and
 - B. 75% of their Consideration Shares will be escrowed for 6 months from completion of the Acquisition;
 - v. shareholders of Nemex representing at least 25% of the issued Share capital of Nemex immediately prior to completion of the Acquisition delivering executed voluntary escrow agreements pursuant to which 75% of their total Shares will be escrowed for 6 months from completion of the Acquisition;
 - vi. Nemex becoming entitled to acquire 100% of the Wavefront Shares not currently held by Nemex (this condition can be waived at Nemex's election); and
 - vii. Nemex completing a fundraising for a minimum of \$5 million (**Capital Raising**).

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- d) **Options:** Upon settlement of the Acquisition, certain members of the incoming board and management team will be granted Options (**Management Options**) to acquire Shares as follows:
- i. such number of Options exercisable at 10 cents on or before 30 June 2016 (**10 Cent Options**) as equal (following their issue) 49% of the aggregate number of 10 Cent Options on issue at completion; and
 - ii. such number of Options exercisable at 20 cents on or before 3 years from issue (**20 Cent Options**) that have an equivalent value to the number of Options exercisable at 5 cents on or before 31 December 2015 (**5c Options**) which are on issue at the date of completion.
- e) **Proxy Requirements:** Nemex and Wavefront must use their best endeavours to procure proxies for 25% of the Shares in the Company under which shareholders agree to approve the Acquisition.

2. Loan Agreement

Nemex has agreed to advance a sum of \$600,000 to Wavefront (by way of unsecured loan) to fund ongoing development and commercialisation activities.

3. New board & Management team

Upon completion of the Acquisition, it is intended that the current directors of Nemex will resign from the Nemex board and will be replaced by five new members (including Dr Shanny Dyer, managing director of Wavefront) who will have the appropriate skills and qualifications necessary for directors of an ASX-listed biometric technology company. The parties are yet to finalise the final make-up of the Nemex board.

Dr Dyer has extensive experience in senior management and Board roles in technology companies. She has completed many large and complex licence negotiations over the years with global companies and is well placed to undertake the next phase of Wavefront's accelerated commercialisation strategy.

4. Re-Compliance with ASX Listing Rules Chapters 1 and 2

Since the Acquisition will result in a significant change to the nature and scale of Nemex's activities, the Acquisition will require shareholder approval under ASX Listing Rule 11.1.2 and will also require that Nemex re-complies with Chapters 1 and 2 of the ASX Listing Rules.

5. Capital Raising

To enable Nemex to re-comply with the ASX Listing Rules and to support its growth strategy post-completion of the Acquisition, Nemex plans, subject to shareholder approval, to conduct the Capital Raising under a full form prospectus to raise a minimum of \$5 million.

6. Pro-Forma Capital structure

On the basis that the Acquisition completes on the terms set out above, Nemex's capital structure will be as follows (assuming that it acquires 100% of Wavefront, \$5 million is raised under the Capital Raising at \$0.10 per Share (being the 30 day volume weighted average share price of Nemex), no options are exercised and no other Shares are issued):

| | Shares | 5c Options | 10c Options | 20c Options |
|-----------------------------|--------------------|-------------------|--------------------|--------------------|
| Current | 234,162,921 | 19,575,000 | 12,000,000 | Nil |
| Consideration Shares | 224,980,061 | Nil | 11,529,412 | 36,703,125 |
| Capital Raising | 50,000,000 | Nil | Nil | Nil |
| TOTAL | 509,142,982 | 19,575,000 | 23,529,412 | 36,703,125 |

7. Financial impact on Nemex

As noted above, as part of the process for re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Company will be required to conduct a capital raising. The quantum of the raising and the offer price per share are yet to be determined but a minimum of \$5,000,000 is currently proposed.

As the final details of the capital raising and the final quantum of the Consideration Shares to be issued are not yet known, and due diligence is yet to be completed, an unaudited pro-forma balance sheet showing the impact of the transaction has not been included in this announcement but will be included in the notice of meeting seeking shareholder approval for the Acquisition.



8. Indicative Timetable

An indicative timetable for completion of the Acquisition and associated transactions is set out below:

| Milestone | Indicative Timetable* |
|--|------------------------------|
| Execution of Agreement | 9 June 2015 |
| Completion of due diligence | 7 July 2015 |
| Execution of formal agreements | 7 July 2015 |
| Release of notice of meeting in respect of Acquisition | 14 July 2015 |
| Issue Capital Raising prospectus | 21 July 2015 |
| Hold general meeting in respect of Acquisition | 18 August 2015 |
| Completion of Capital Raising | 21 August 2015 |
| Re-quotations on ASX | 7 September 2015 |

* Please note this timetable is indicative only and the directors of Nemex reserve the right to amend the timetable as required. Shareholders should also note that the Company's securities will be suspended from trading on the day of the general meeting seeking shareholder approval for the transaction and if such approval is obtained will remain suspended until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules.